OPINION

BY NIAZ MURTAZA

Privatisation peril

ONE hopes our first major privatisation undertaking in years helps PIA's rebound. The process had problems that must be avoided in future. PIA's massive past losses made it critical to fix the airline. But then, it showed a profit of Rs26 billion in 2024 (after losing Rs100bn in 2023) due mainly to the removal of much of its debt from its books and a one-time tax deferral. So, we had time to adopt a strong process.

It is not clear whether the state's minimum bid price of Rs100bn and the sale price of Rs135bn for 75 per cent shares are fair. A unit's sale value depends not on its net assets value but on the net present value of expected future incomes from its assets over their lives. Airlines also gain value from landing rights at major airports. As the state hasn't told us how it fixed the minimum price, doubts exist given its 2024 profits even before the gains from the end of bans on its best routes were fully realised or big operational changes were made.

More oddly, the buyer pays 7.5pc of even this likely low Rs135bn upfront yet gets 75pc shares. It will invest the rest in PIA over time. But as it comprises sums owed to the state, it should pay interest on these sums until it invests and the shares against it must surely be the state's. To buy the other 25pc shares, it will pay the full Rs45bn with no discount. If it does so, it will pay only Rs55bn to get nearly 100pc shares valued in the auction at Rs180bn. But logically it should only get one-third and the state the rest.

This big free gift wasn't stated in prebid official releases and only seemingly emerged after the sale. So, given the public loss and the opaque process, the view that the little we got for PIA is good enough is, in fact, not good enough. I haven't seen such odd terms in any similar deal globally. Naughty tongues are wagging that we may have earned more for PIA had we sold it on OLX!

If a now profitable PIA with its best routes back, much of its debt nixed and big heft in our airs was sold '*aunay paunay*' (low-priced), it reflects less its status and more the shyness of our private sector to pay the full price and the PML-N's urge to oblige them. Charges of selling cheap arose against it in the 1990s too. It's the main factor but buyers too must take responsibility for doing such a flawed deal on a national asset. This is true for Fauji Fertiliser too, which, according to some, dropped out earlier as a bidder so that it could later join any winner via its influence. The questionable mandate of the PML-N and the broader institutional presence make the deal even more debatable for those who believe in democracy in both politics and business.

The buyers have no airline or global experience. Air India's buyer Tata had birthed it in the 1930s and is a global giant. Can PIA's buyers run the airline as a global entity? They have an overly free hand in staff lay-offs, fares and routes and big tax breaks. Yet, their head says PIA may run losses for years. But would it be due to PIA's status, which has improved, or their non-expertise?

Our past privatisations were replete with troubling issues: poor sales prices and later performance, cartelisation; opaque sales, higher output prices and major staff lay-offs. But neoliberal business interests see privatisation as the only option for state units even though nearly 40pc of ours run profits. Businesses say the state has no business to be in business. But businesses have no business telling the state this. States have every business to be in businesses in which businesses can't do business well, for example, in strategic or pro-poor sectors.

> The best option for sick units can be decided via clear criteria.

Given these persistent issues and the low managerial and financial heft of our private sector, it's best to also consider other options such as autonomous professional boards and the top management, management hand-over only to the private sector, staff-owned units, liquidation and the public sale of shares. The best option for each sick unit can be decided via clearly defined criteria and an open process.

Privatisation may be a good option only for small units with no national strategic value.

Those who support the deal say that privatisation will fix PIA, open the door for putting right more state units and helping the overall economy. But given past trends, such rosy claims must be seen cautiously and we must also see whether other options may serve these aims better in the future. ■

The writer has a PhD degree in political economy from the University of California, Berkeley, and 25 years of grassroots to senior-level experiences across 50 countries.
murtazaniaz@yahoo.com
X: @NiazMurtaza2

BY RAZA RASHID

Fractured society

A BRITISH official sits behind a heavy wooden desk somewhere in the Raj. Before him lies a neat stack of files stamped in English. Like the files, the institutions and rules used to regulate his colonial subjects are conceived thousands of miles away. Outside, social life is regulated very differently: in different languages, through custom, familial ties, shared religious obligation, and reputation. The office governs through finished forms imported from another world, while society is regulated by its own inherited moral traditions, not those that underpinned the imported forms elsewhere. Both systems function, but they do not speak the same language.

Consider how, in a traditional kin-based society, loyalty belongs to the clan rather than to institutions. Favouring one's own in the course of handling affairs is not corruption but virtue. Loyalty to rules and procedure over kith and kin is not an act of integrity to be admired; it is betrayal. Nepotism is not a dirty word. It provokes little social shame. In fact, in Urdu and other regional languages, a precise equivalent scarcely exists. This is not accidental.

Traditionally, this moral logic was necessary and effective. It sustained order by tying authority, responsibility, and survival to family and tribe. The modern state, by contrast, asks citizens to transfer loyalty from kinship networks to abstract institutions. Where that transfer has not been completed through organic social evolution, older moral logics are carried into modern settings, exposing a fundamental incompatibility. Government offices, regulatory bodies, and political parties are designed to function on merit and impersonality. When operated according to kinship ethics, they predictably fail. Appointments are made on loyalty, decisions are personalised, and responsibility is diffused.

Over time, a further distortion emerges. Institutions themselves begin to acquire tribal characteristics. Kin-based loyalties are gradually replaced by modern professional communities. Loyalty to the collective precedes loyalty to the institution's rules, and ultimately the state. The shared interest of members in preserving influence, preventing reform and securing a disproportionate share of state resources becomes paramount. Rules are followed when they align with collective interest, and quietly set aside when they threaten it.

Within such communities, reputation is once again aggressively guarded. Perceived slights are met with a disproportionate response. Minor inconveniences are treated as existential threats. What appears from the outside as institutional defensiveness or resistance to reform is experienced internally as collective self-preservation.

The same incoherence occurs in politics. Voting is less an evaluation of policy than an affirmation of identity and affiliation. Political choice becomes an extension of social loyalty. Electoral defeat is experienced not as a routine outcome of the democratic process, but as collective injury. Democratic forms persist, but habits remain fragile.

It should be noted that older moral systems have not simply persisted; they have been partially dismantled, leaving behind impulses without the restraints that once governed them. This loss is reflected in everyday civic life, from the neglect of public space to traffic behaviour that improves only when enforcement is visible.

From Weber to contemporary critiques of the modern state, scholars have warned that institutions cannot function on legality alone. When older moral orders are dismantled and civic habits are not internalised, governance survives as structure rather than substance.

> Democratic forms persist, but habits remain fragile.

The colonial state never intended to reconcile this dissonance. Its institutions were designed to administer and maintain order, not to cultivate civic legitimacy upon which the nation-state rests. Some post-colonial societies confronted this gap by sustaining the coercion that introduced these institutions in the first place. Singapore, famously referred to as 'Disneyland with the death penalty' compensated for the absence of organically developed civic habits with an unusually strong and persistent enforcement state. Pakistan, by contrast, could never plausibly follow that path. It is too large, too diverse, and too populous for civic behaviour to be imposed uniformly through coercion.

This is not an argument for either modernity or tradition. Both systems have costs. Pakistan's difficulty lies elsewhere: it has never reconciled these orders into a coherent whole. We did not live the history that formed modern institutions, yet we dismantled the structures that once enforced restraint. We are, in a very real sense, living someone else's history. ■

The writer is a barrister and entrepreneur.

FROM THE PAST PAGES OF DAWN

1976 | Fifty years ago

Integrated approach

KARACHI: The Federal Minister of State for Foreign Affairs and Defence, Mr Aziz Ahmed, yesterday [Jan 5] called for ... co-operation among Third World countries to break out from their "dependent and subservient status". Inaugurating the six-day conference of the Third World economists and social scientists, he said the desire to promote mutual co-operation was growing in the under-developed world. Mr Aziz Ahmed stressed that what was needed now was "an objective identification of the areas"... . He said some measures … were worth examination. It had been suggested, for instance, that developing countries could endeavour to regulate supply and ensure remunerative returns for raw materials... .

… Besides, the Third World nations could pursue an integrated approach in negotiating trade concessions with the developed nations so that the negotiating strength of some … may also benefit those developing countries which were not advantageously placed... . "Most importantly … co-operation among the Third World countries could take the form of financial transfers with surplus revenues to those which require this to promote …economic growth," he said. — Staff reporter

1951 | Seventy-five years ago

PMs to discuss Kashmir

KARACHI: While for the first time in several months yesterday [Jan 5] the skies of Karachi were over-cast with clouds, with a slight drizzle in the afternoon, the political atmosphere seemed to have brightened, after six days of tussle between Karachi and London. It can now be stated that Mr Liaquat Ali Khan has won the first round and his demand that the Kashmir dispute must be discussed by all the Prime Ministers present in London has been accepted.

The Prime Ministers of UK, Canada, Australia, New Zealand, Ceylon and India, are believed to have informed Mr Liaquat Ali Khan that they would discuss Kashmir in a joint meeting. ...

In these circumstances an announcement is expected ... that Mr Liaquat Ali Khan would be leaving this (Saturday) evening. Pandit Nehru, who at first had declined to discuss Kashmir at all, and later agreed to talks only between Mr Attlee, Mr Liaquat Ali Khan and himself, and still later modified his stand by consenting to associate with the talks "any other Prime Ministers who are interested", has now been persuaded to agree that ALL the Prime Ministers should jointly tackle the dispute. — *Dawn* political correspondent

LETTERS TO THE EDITOR

letters@dawn.com

Letters may be edited for purposes of clarity and space. All letters should carry the writer's address, CNIC and phone numbers.

More power to LGs, not more provinces

LOCAL governments (LGs) represent the essential third tier of governance, responsible for connecting the state with citizens, and ensuring that democracy improves day-to-day life. In Pakistan, however, this tier has rarely functioned effectively.

Even though Article 140-A of Pakistan's Constitution requires the provinces to establish elected local governments, and decentralise political, administrative and financial powers to them, implementation has been inconsistent and shaped more by political interests than by constitutional intent. Local governance has been altered, diluted, or suspended at various times, preventing it from developing into a stable democratic institution.

Pakistan's attempts at local governance have evolved over time. One of the most significant milestones was the Local Government Ordinance (LGO) 2001, which established an elected format with comparatively clearer administrative and financial powers. This system reduced bureaucratic dominance and allowed a new layer of leadership to emerge.

However, after the 18th Amendment, the provinces abandoned this model. Despite being meant to advance devolution, new pieces of legislation passed in all the provinces largely centralised provincial control and limited the autonomy that was previously granted to the LGs.

The impact of weak devolution is most visible in Pakistan's major cities, including Karachi, Lahore, Faisalabad, Peshawar, Quetta, Rawalpindi, Multan and others. Around the world, large urban centres operate through empowered municipal governments with authority over transport, sanitation, policing, planning and tax collection.

In Pakistan, city governments remain dependent on provincial establishments. Karachi's fragmented authority, Lahore's reduced metropolitan powers, and the limited financial independence of other major cities all reflect the same central problem: provinces are reluctant to let cities govern themselves.

As the national conversation increasingly turns towards the debate on devolution of power, it has become obvious that genuine empowerment of LGs, not more provinces, is the only viable solution.

Without meaningful administrative and financial authority at the grassroots level, the idea of devolution remains rhetorical rather than practical. Local representatives, who understand community needs more directly than distant provincial departments, cannot deliver unless they possess real power.

Strengthening local-tier governance is, therefore, essential for resolving the country's growing urban challenges, improving service delivery, and, above all, rebuilding public trust in democratic institutions.

The broader debate on the LG system highlights several persistent issues, including limited fiscal decentralisation, bureaucratic dominance and political reluctance. Provincial leaders often see empowered LGs as competing centres of influence rather than complementary democratic partners.

A comparison with the Kerala model in India shows what Pakistan is missing. Kerala devolved a significant share of state resources to local bodies, institutionalised participatory planning, and gave local councils real authority in the domains of education, health, welfare and infrastructure. This long-term commitment translated into strong social indicators and responsive governance. Pakistan has never implemented such a sustained decentralisation due to resistance from political and administrative elite.

Ultimately, Pakistan's failure to establish a strong and functional LG system is not due to constitutional limitations, but due to political choices. Even with Article 140-A and the lessons of LGO-2001, local governance continues to be treated as 'optional'. For Pakistan to achieve efficient, citizen-centred administration and democratic stability, the third tier of governance must be empowered rather than ignored. It is only through genuine devolution that governance can become responsive, inclusive and truly effective.

Khateeb Khan
Kotli, AJK

A new beginning

A GROWING number of people today believe that the excessive use of artificial intelligence (AI) tools is weakening human thinking. There are reasons to disagree with such a narrative.

History tells us that every major technological breakthrough was first met with misplaced fear, resistance and doubt. When calculators were introduced, teachers and mentors warned that students would forget how to perform basic arithmetic. Later, when scientific calculators, digital diaries and computers arrived, society again viewed them with suspicion. Yet, time proved that each invention expanded the human capacity.

There was a time when students used to memorise multiplication tables and did all calculations manually. The arrival of the calculator did not make the human mind lazy; it made it more analytical, creative and capable of solving complex problems. In the same way, modern AI tools are simply the next step in this continuous evolutionary journey of human intellect and innovation.

Instead of fearing these technologies, we should learn to use them wisely. AI tools can serve as intelligent assistants — enhancing creativity, improving communication and saving time — if used with purpose and discipline. Human progress has always moved forward, not backward. From abacus to AI, every leap of technology has opened new doors of understanding and discovery.

Ahsan Ul Haq Shaikh
Chunian

Banking woes

DIGITAL banking is growing rapidly in Pakistan, promising speed, convenience and safety. But my recent experience with a Pakistani digital wallet/fintech payment service shows that the system is not always reliable, and can put customers at risk.

I made a simple mistake. I entered an incomplete and invalid account number while sending money. In case of any conventional bank, such a transaction would fail immediately. But the said payment service processed it, leading to three stressful days. When I contacted the bank's support service, they repeatedly insisted that the money had reached the receiver. The problem was that the account did not exist.

The online microfinance bank, where the money was to be sent, confirmed that the account number was invalid and did not belong to any cellular network. Despite this, the helpline continued to provide confusing and incorrect replies, and ignored my emails for three days. Only when I mentioned that I might escalate the issue to the State Bank's Consumer Protection Department that they reversed the amount.

The harsh truth is clear: the money was never received, but I was told it had been. This kind of misinformation is highly irresponsible. It undermines trust and raises fears about the honesty and safety of digital banking. Digital banking must be simple, transparent and secure.

Customers should not have to chase support staff or involve regulators for legitimate problems. Pakistan's digital financial future depends on trust, and it can only be built if financial apps communicate honestly and prevent such errors.

Talha Traiq
Sukkur

A dog in apartment

FROM time to time, the common problems of the residents of Defence Housing Authority (DHA) are highlighted in the media, such as chronic water shortages, broken roads, heaps of garbage, overflowing sewage, lack of parking spaces, and the spread of unregulated commercial activities in residential areas, such as workshops, welding units and wood-cutting machines. These remain persistent nuisances despite the fact that residents pay exorbitant taxes.

I face a specific building-related problem located in DHA Phase-V Badar Commercial that we and our next-door neighbour have been struggling to sort out for the last two months without success. A new tenant in the building has brought in two large dogs. He lives on the second floor, while we reside on the top floor.

Under regulations stipulated by the DHA and Cantonment Board Clifton (CBC), pets, especially large dogs, cannot be kept in flats, nor can common spaces be used in ways that create nuisance or hygiene hazards. Yet, the tenant regularly takes the dogs to the rooftop for urination and defecation, effectively turning the entire rooftop into a washroom for animals. This has created unbearable filth.

After exhausting the option of repeated personal requests to the tenant, we formally approached DHA and CBC. Their teams visited the site, confirmed the facts, and noted that the tenant did not possess the mandatory licence for keeping dogs. Despite repeated warnings issued to him by the authorities over the course of a month, no substantive action followed.

We then contacted the DHA's official concerned, who acknowledged the seriousness of the situation and responded positively. Even teams were sent to remove the dogs, but the tenant managed to avoid action on the assurance that he would remove the animals within a week.

When the deadline passed, we followed up again, but were made to run back and forth between the DHA and CBC without any resolution. It eventually became clear that the tenant was leveraging his position to evade enforcement.

We are now left helpless, with all lawful avenues exhausted and no remedy in sight. It is deeply disappointing that even such a straightforward, genuine public-health concern cannot be addressed effectively either by the DHA or CBC.

Will the leadership of the two organisations take due notice and enforce the rules they expect residents to follow?

Asghar Soomro
Karachi

▶ **MYTHS ABOUT RABIES:** This is with referece to the editorial 'Rabies danger' (Dec 20), which stated that 22 people have died from rabies in Sindh alone this year. Rabies is 100 per cent fatal, and believing that it is curable once symptoms appear is wrong. Even minor scratches or licks and bites can cause rabies. Home remedies do not offer any treatment. But washing the bitten area immediately with soap is the first and very important step in its management. Furthermore, post-exposure prophylaxis involves 4-5 injections in the arm, not 10 injections in the abdomen, along with the application of immunoglobulins in severe cases.
Dr Faheemullah Shaikh
Larkana

▶ **MORE BUSES:** The buses operating under the People's Bus Service are far from sufficient for a city as populated as Karachi. Many major roads remain broken because of the ongoing or poorly executed reconstruction work. These damaged roads have made daily commute a nightmare. Moreover, illegal rickshaws further block the already narrow and damaged lanes. Despite repeated promises of improvement, little progress has been made. Karachi's infrastructure is crumbling under unfinished projects, open manholes and poor-quality bitumen work. The government should accelerate the completion of these projects, ensure quality construction, and increase the number of operational public buses.
Erum Fatima
Karachi

▶ **OPEN MANHOLES:** Recently, a seven-year-old girl fell into a manhole in Larkana's Ayub Colony, near the city mayor's residence. Another tragedy struck in Karachi. These incidents show the local administration's neglect and disregard towards their respective jurisdictions. Almost all sewers are open in Larkana, and civic management is simply absent. It is the local administration's duty to take care of such issues. The provincial government should look into the matter at the earliest and take the negligent parties to task.
Mir Babar Ali Khuhawar
Larkana

External Ombudsman

Veteran journalist Muhammad Ali Siddiqi is *Dawn's* External Ombudsman (DEO). His duty is to attend to our readers' complaints, and to respond to them professionally. DEO is the investigating authority to whom all complaints can be referred, and it is DEO who takes notice of any alleged violations of *Dawn's* code of ethics, and informs the Editor for appropriate action.
Email: dawnombudsman@gmail.com